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SPONSORED BY: Cynthia D. Borrego, by request

2 AMENDING THE METROPOLITAN REDEVELOPMENT AGENCY (MRA)
3 ORDINANCE (SECTION 14-8-4-1 ET. SEQ.) TO INCLUDE IN ALL LEASE
4 AGREEMENTS FOR METROPOLITAN REVENUE BOND FUNDED PROJECTS,
5 AN ANNUAL FEE EQUIVALENT TO TEN PERCENT OF THE ANNUAL ABATED
6 PROPERTY TAXES ON THE INCREMENTAL PROPERTY VALUATION, AND TO
7 DIRECT THE DEPOSIT OF THE FEE INTO THE MRA ACCOUNT.

10 SECTION 1. ADDING A NEW SECTION, SECTION 14-8-4-9, AS FOLLOWS:

(A) Annual Metropolitan Redevelopment Lease Fee. All lease agreements for real property leased for the purpose of facilitating a metropolitan redevelopment project financed by metropolitan redevelopment revenue bonds shall include a provision requiring the lessee to pay the City, in addition to any other monetary obligations under the lease, an annual fee equivalent to ten percent of the annual incremental abated taxes. The incremental abated value shall be equivalent to the difference in the property valuation for property taxation purposes that existed in the year immediately preceding the year of acquisition by the City and the property valuation for property taxation purposes each year the City owns the property. The annual fee will be equivalent to 10% of the current total property tax mill rate for the incremental abated value had the property not been exempt and had it been valued for property taxation purposes. The fee shall be paid to the City by the lessee each year that the City owns the property.]”

1 **SECTION 2. Deposit of fees.** All fees received by the City pursuant to
2 subsection 14-8-4-9 ROA 1994 shall be deposited into the Metropolitan
3 Redevelopment Fund (275) to support the ongoing operations of the
4 Metropolitan Redevelopment Agency.

5 **SECTION 3. SEVERABILITY CLAUSE.** If any section, paragraph, sentence,
6 clause, word or phrase of this ordinance is for any reason held to be invalid or
7 unenforceable by any court of competent jurisdiction, such decision shall not
8 affect the validity of the remaining provisions of this ordinance. The Council
9 hereby declares that it would have passed this ordinance and each section,
10 paragraph, sentence, clause, word or phrase thereof irrespective of any
11 provision being declared unconstitutional or otherwise invalid.

12 **SECTION 4. COMPILATION.** Section 1 of this ordinance shall amend, be
13 incorporated in and compiled as part of the Revised Ordinances of
14 Albuquerque, New Mexico, 1994.

15 **SECTION 5. EFFECTIVE DATE.** This ordinance shall take effect five days
16 after publication by title and general summary.

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CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

September 10, 2019

TO: Klarissa J. Peña, President, City Council

FROM: Timothy M. Keller, Mayor

SUBJECT: AMENDING SECTION 14-8-4-1 ET SEQ., ROA 1994, THE METROPOLITAN REDEVELOPMENT AGENCY (MRA) ORDINANCE, TO INCLUDE IN ALL LEASE AGREEMENTS FOR METROPOLITAN REVENUE BOND TRANSACTIONS, AN ANNUAL FEE EQUIVALENT TO TEN PERCENT OF THE ANNUAL ABATED PROPERTY TAXES ON THE INCREMENTAL PROPERTY VALUATION, AND TO DIRECT THE DEPOSIT OF THE FEE INTO THE MRA ACCOUNT.

Metropolitan Redevelopment Agency (MRA) recommends adopting a policy that will require a fee on all Metropolitan Redevelopment Bonds to support future redevelopment. The fee would equate to 10% of the value of the abated taxes and payable to the MRA on an annual basis.

The Chart below shows how the property tax abatement and the fee would be calculated on a hypothetical Metropolitan Redevelopment Bond application. The fee would be payable on an annual basis over the seven year tax abatement period.

a. Initial Annual Property Tax Amount	\$10,000
b. Annual Property Tax Amount After Construction	\$200,000
c. Annual Tax Increment to be Abated (line a. – line b.)	\$190,000
d. Annual Metropolitan Redevelopment Fee (10% of line c.)	\$19,000

Collecting this fee is consistent with best practices in the redevelopment/economic development field, including within New Mexico, and the proposed 10% fee was deemed reasonable by the development community. Over the past 16 months, City Council has approved five MR bond applications. Had this fee been in place, MRA could be receiving up to \$246,000 annually. The use of MR Bonds has recently become popular with the development community, and we are excited to partner with them on the development of catalytic projects that will have a positive economic and fiscal impact to the community. However, MRA must find a consistent source of revenue to support its activities.

On June 17, 2019, the Albuquerque Development Commission ("ADC") reviewed the request and recommended to the City Council APPROVAL of this fee on Metropolitan Redevelopment Bonds.

This request is forwarded to City Council for approval.

TITLE OF LEGISLATION: AMENDING SECTION 14-8-4-1 ET SEQ., ROA 1994, THE METROPOLITAN REDEVELOPMENT AGENCY (MRA) ORDINANCE, TO INCLUDE IN ALL LEASE AGREEMENTS FOR METROPOLITAN REVENUE BOND TRANSACTIONS, AN ANNUAL FEE EQUIVALENT TO TEN PERCENT OF THE ANNUAL ABATED PROPERTY TAXES ON THE INCREMENTAL PROPERTY VALUATION, AND TO DIRECT THE DEPOSIT OF THE FEE INTO THE MRA ACCOUNT.

Approved:


Sarita Nair
Chief Administrative Officer

Date

9/20/19

Approved as to Legal Form:


Esteban Aguilar JR
City Attorney

Date

9-12-19


(AV)

Recommended:


Brennon Williams
Planning Director

Date

10-SEP-2019


Karen Iverson
MRA Manager

Date

9/10/19

Cover Analysis

1. What is it?

This Ordinance establishes a fee on Metropolitan Redevelopment Bonds.

2. What will this piece of legislation do?

If approved, this ordinance would establish a fee on all Metropolitan Redevelopment Bonds equal to 10% of the value of the incremental abated taxes. This funding would be deposited into Fund 275 to support future Metropolitan Redevelopment activities.

3. Why is this project needed?

Metropolitan Redevelopment Agency (MRA) had been funding staff salaries through transfers of tax increment financing associated with seven MRA projects. These transfers will expire in Fiscal Year 2021. MRA needs to identify new sources of consistent funding to ensure its continued ability to serve the public through redevelopment activities.

4. How much will it cost and what is the funding source?

There is no cost associated with this legislation.

5. Is there a revenue source associated with this Plan? If so, what level of income is projected?

The MRA Bond Fee could potentially generate funding for the MRA program.